

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1636 - SB 1457**

March 24, 2011

**SUMMARY OF BILL:** Requires the Board for Licensing Health Care Facilities (Board) to license pain management facilities. Defines “pain management facilities” as a privately owned facility not located in a hospital or ambulatory surgical treatment center, in which licensed and trained health care professionals provide chronic pain management services to patients.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue – \$653,200/FY12-13 and Subsequent Years**

**Increase State Expenditures – \$719,400/FY12-13  
\$653,200/FY13-14 and Subsequent Years**

**Assumptions:**

- The Board, in coordination with the Board of Medical Examiners and the Board of Osteopathic Examination, will adopt rules and regulations governing pain management facilities as are necessary to insure patient safety and efficient and effective care of patients. Rulemaking can be accomplished during regularly scheduled Board meetings and will not result in a significant increase in state expenditures.
- The Department of Health (DOH) and the Board will develop applications, licensure forms, modify the current regulatory boards computer system to enable the licensing of the new facility licensure category, conduct initial and subsequent annual licensure and fire safety surveys, perform complaint investigations, and follow-up surveys.
- DOH estimates there are approximately 300 facilities specializing in pain management that will require licensure.
- Currently, one Public Health Nurse Consultant and one Fire Safety Specialist facility surveyor can generally survey only 50-55 facilities annually. It is assumed that these facilities will have rules more similar to Level II and Level III surgery centers and will not require federal certification surveys and, therefore, will require a minimum of one Public Health Nurse Consultant and one Fire Safety Specialist per 75 such facilities to conduct annual surveys, follow-up visits, and complaint investigations. One Facilities Construction Specialist will be required to review the facility construction plans.
- Recurring costs associated with the nine additional positions will be \$653,195, consisting of salaries (\$375,642), benefits (\$151,853), administrative costs (\$71,100),

office lease (\$36,900), lease for two vehicles (\$9,600), supplies (\$5,400), and network costs (\$2,700).

- One-time costs will be \$66,200, consisting of two vehicles (\$24,800), office landscaping (\$24,300), and computer costs (\$17,100).
- In order to fully fund these additional positions, it is anticipated that the license fee for such centers would have to be \$2,177.33 annually. The Department will incur a one-time deficit of \$66,200 in FY12-13 as a result of one-time costs. All Board for Licensing Health Care Facilities' funds revert to the General Fund at the end of the year.
- Pursuant to Tenn. Code Ann. § 68-11-216(a)(7), any increase or decrease in fees proposed or approved by the board must increase or decrease the fees for all licensed facilities by a similar percentage amount, which shall not vary more than five percent between facility types. \$2,177.33 is significantly greater than five percent over the current ambulatory surgical treatment centers and outpatient diagnostic center fee of \$1,080 annually. DOH states that the required increase in all licensure fees will require a fee study of all facilities and subsequently could impact local and state-owned licensed facilities. The Department currently cannot determine the actual impact.
- For the purpose of promulgation of rules and regulations, this bill shall take effect on July 1, 2011. For all other purposes, the bill shall become effective on July 1, 2012.
- Pursuant to Tenn. Code Ann. § 4-3-1011 and 68-11-216, all health-related boards are required to be self-supporting over a two-year period. As of June 30, 2010, the Board for Licensing Health Care Facilities had a balance of \$392,654.16, the Board of Medical Examiners had a balance of 890,444.43 and the Board of Osteopathic Examination had a balance of 95,105.43.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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